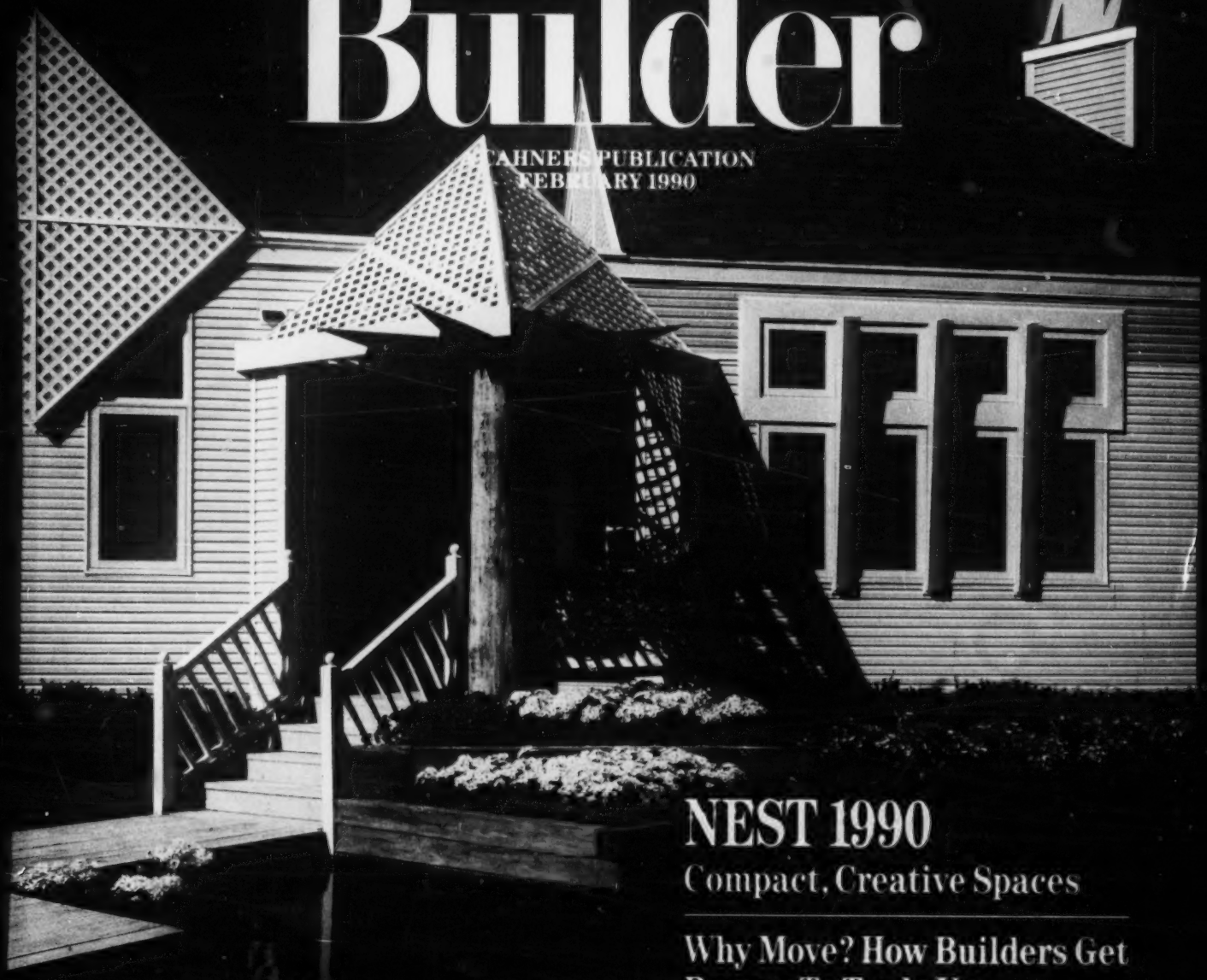
Professional Builder

CAHNERS PUBLICATION
FEBRUARY 1990



NEST 1990
Compact, Creative Spaces

Why Move? How Builders Get Buyers To Trade Up

Selling To Seniors: How To Market, Merchandise

All About Home Automation

NAHB Convention Report

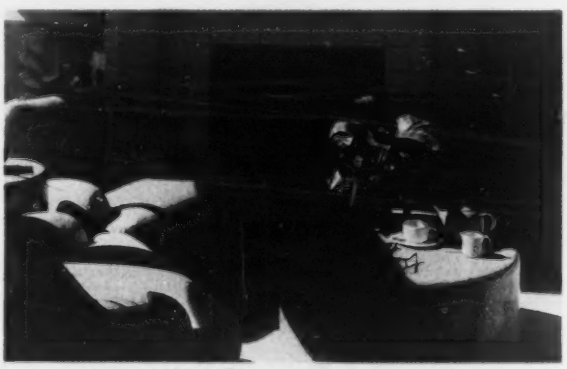
Professional Builder

FEBRUARY • 1990 VOL. 55

THE MAGAZINE OF HOUSING AND LIGHT CONSTRUCTION/A CAHNERS PUBLICATION

Calton Homes' Country Club Oaks in Orlando, Fla., lures move-up buyers with spaciousness and elegance. Others, beginning on page 152.

Researchers say that at the right price consumers will buy home automation systems. Turn to page 60 for a detailed look at this new technology.



Crest Builders' Danbridge At University Place project is featured as one of this month's *Professional Builder* QVA Homes. Page 160.

FEATURES

All The Right Moves For Today's Move-Up Buyers 152

What kind of houses sell best to move-up families? *Professional Builder* editors William Lurz and Susan Bady talked to some of the top practitioners of the trade to get their do's and don'ts. They say to start with a grand entry, mix in upgraded materials and finishes and add the fine points: master-suite privacy, gourmet kitchens and get-away spaces for both adults and children. Calton Home's Country Club Oaks in suburban Orlando, Fla., offers an upscale solution to customers searching for extra living space. Fieldstone Co.'s Alga Hills in La Costa, Calif., is meeting pent-up demand for primary, move-up housing in an area traditionally seen as a resort market. Lakepoint, Ritchie Associates' 220-acre master planned community in Wichita, Kan., is drawing both families and empty nesters with a convenient location, beautiful terrain and well-designed land plan.

Builders Switch On To Home Automation Systems 60

Voice-activated music systems; VCRs that can be programmed from across the country; bedside controls that monitor everything from the furnace to your coffee-maker. The technology may sound futuristic, but home automation systems already are reshaping American lifestyles.

Quality, Value And Affordability 160

The QVA awards program is designed to lead the industry toward the construction of stylish, high-quality and affordable housing. This month, four award-winning projects are profiled. Wiseman-Hughes Enterprises, Crest Builders, American Properties and Wood Brothers Homes are our award-winning builders.

On the Cover

Nest '90 embodies themes and addresses issues that will impact buyers well into the 1990s and beyond: affordability; handicapped adaptability; creative use of small square footages; and cost-efficient landscape design. Hedrich-Blessing photographed the house for the Housing Information Center, a consortium of building industry businesses that includes *Professional Builder*. More on NEST, beginning on page 87.

Professional Builder

THE MAGAZINE OF HOUSING AND LIGHT CONSTRUCTION/A CAHNERS PUBLICATION

News from last month's NAHB convention. Page 26.

Controlling assets and liabilities can increase profits and pay off debt. Here's a short course for managers in understanding the secrets of the balance sheet. Page 24. **NAHB's new president** says finding replacements for the thrift industry is going to be one of his major efforts. Page 28. **Selling seniors** can be tough; some tour projects so frequently, it becomes a hobby. Page 37. **Is your firm a Giant** Builder? To find out, return the coupon on page 42. This year's **NEST house** addresses the challenges of the new decade. Page 87.

Products that turn baths into luxury havens. Page 170.

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Quality will be the watchword of the 90s.

Product Showcase 170
Fancy faucets and fixtures deck bathrooms with style.

House Plans And Books 201
Working drawings for five new house plans.

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Quality And Stability: Hallmarks Of The 90s Housing Market

For years now, the housing industry has been advised to expect a disappointing decade during the 1990s. The relatively glum outlook for the decade is magnified by the immediate problems facing the industry.

The most menacing and unpredictable potential problems stem from the continuing troubles of the S&L industry. Not only are the troubles in this industry having the effect of severely restricting development and construction financing, but the number of foreclosed homes that these institutions are putting on the market have the potential to further aggravate current excess inventory problems.

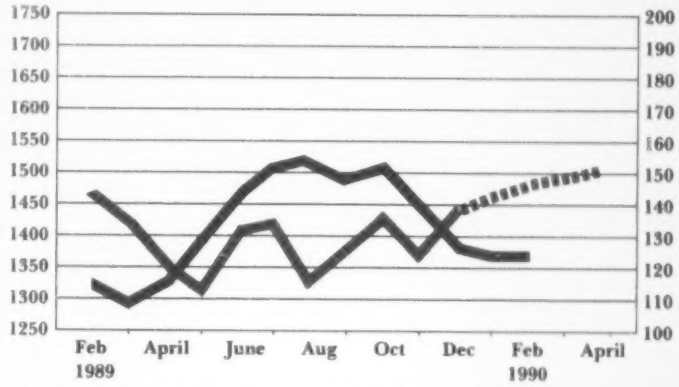
But despite the fact that declining numbers of young households will almost surely result in lower volumes of new construction activity during the 1990s, the optimist can nevertheless foresee numerous opportunities in the new decade.

The trend towards bigger, fancier new homes which has been with us since the mid-1980s will stay with us through this decade. The home buyers of the 1990s will be older, more affluent and, consequently, will have the financial means to be more quality-conscious than their counterparts of the 1960s and 1970s.

Finally, and perhaps most significantly, housing in the new decade will face a much less volatile market than at any time since the 1960s. Housing starts during this socially-turbulent decade averaged 1.41 million units, about the same number that most analysts expect to see during the average year in the 1990s. During the ten year period that began thirty years ago, annual starts totals were within an unusually narrow range: from a high of 1.60 million units in 1963 to a low of 1.17 million units during 1966. This kind of stability takes much of the risk out of planning, marketing and production and is the principal reason that — despite the likely downturn in the absolute volume of new construction — we expect a more profitable business environment for housing in the 1990s. □

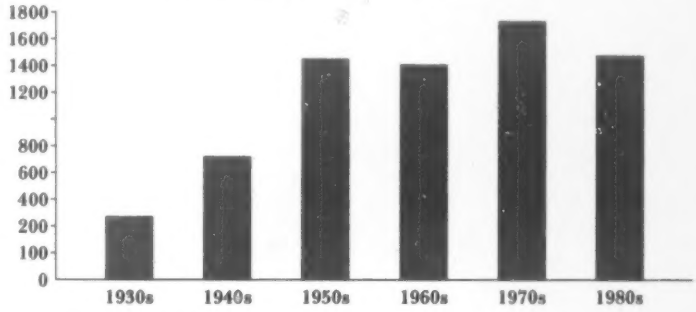
By Daryl Delano, Cahners Economics, Newton, Mass.

Professional Builder Leading Indicator And Housing Starts



Broken line denotes forecast. Leading Indicator of Housing predicts short-term changes in residential construction over approximately the next quarter. Latest figues is based on January data and includes the Standard and Poor's home-builder stock index, 90-day T-bills, bank reserves, consumer confidence index and the ratio of homes for-sale to those sold. Prepared exclusively for PB by Cahners Economics.

Total Private Housing Starts
(Annual average for decade; in thousands)



Source: U.S. Department of Commerce

Range In Number Of Annual Housing Starts Within Decade
(Ratio equals high divided by low)

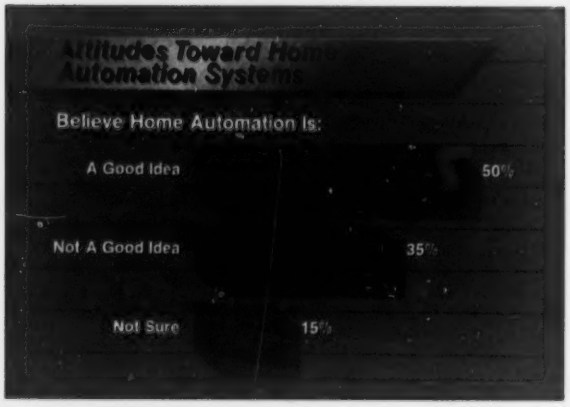
Decade	High	Year	Low	Year	Volatility ratio
1930s	458,000	1939	93,000	1933	4.9%
1940s	1,430,000	1949	139,000	1944	10.3
1950s	1,908,000	1950	1,175,000	1957	1.6
1960s	1,603,000	1963	1,165,000	1966	1.4
1970s	2,357,000	1972	1,160,000	1975	2.0
1980s	1,805,000	1986	1,062,000	1982	1.7

Source: U.S. Department of Commerce

Builders Switch On Home Automation Systems

By Dan McLeister, Senior Editor

Home electronics are reshaping American lifestyles. Here is what today's systems can do.



Homeowners were asked about a system offering energy savings, enhanced security, scheduled lighting and using telephones as intercoms. Source: Yankelovich Clancy Shulman and Parks Associates.

Buck Rogers and George Jetson, move over. Today's home automation systems and technology would make even your futuristic heads spin. Consider:

- The first violinist of the Cleveland Orchestra sits in his music room and utters "Tchaikovsky." The compact disk player automatically loads The 1812 Overture.
- A businesswoman is interviewed for the 6 p.m. TV news. She telephones home and programs her video-cassette recorder to tape the segment. While she's at it, she sets the VCR to record L.A. Law.
- It is the morning of the big party. The homeowner reprograms the security system so that the cleaning crew has access to the downstairs only, not the second floor.
- Vacationers read in USA Today that record rains are drenching their home town. They call their house to turn off the lawn sprinkler.
- Tucked comfortably under the covers, a housewife uses a master control panel next to the bed to: program the coffeepot to switch on the next morning, arm the security system, set back the furnace thermostat and turn out the lights throughout the house.

More homeowners are plugging into home automation systems that perform these tasks and more. The complexity and prices vary greatly, from simple plug-in devices to whole-house wiring and controllers; from $2000 systems to $90,000 systems.

Home automation is an industry still in its infancy. It has not yet reached its full potential. Manufacturers sell anywhere from fewer than 20 units a year to 700 units a year, if home automation is defined as a centralized control system integrating the control of other devices in the house. But include companies with other types of home control devices and the numbers would be much higher. Here's the difference:

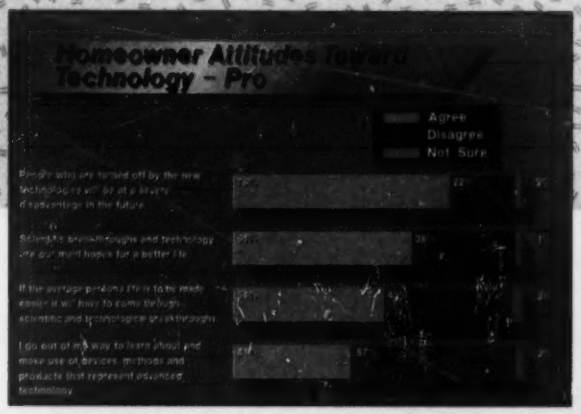
Builders already install such products as setback thermostats, wireless security systems and kitchen appliances such as dishwashers with a delay control so that the appliance comes on at night, when electricity rates might be lower. Homeowners move in with VCRs, plug-in light timers and automatic lawn sprinklers. What an integrated home automation system does is use a centralized controller to tie together all these separate functions.

For builders, home automation systems can be an excellent add-on product option. Many homeowners already think home automation is a good idea. And consumer research (some of which is summarized here) shows they would buy a home automation system if the price is right and the features of the system meet their needs.

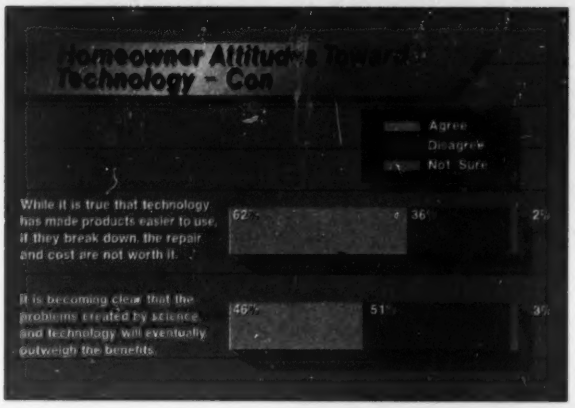
Fifty percent believe home automation is a good idea, but 35 percent say it is not. Another 15 percent are not sure, according to research by Parks Associates and Yankelovich Clancy Shulman. And 55 percent of homeowners like the idea of a central controller to adjust all home products from one central location in the house.

The price that attracts this size audience is $5000 or less, according to the research. Twenty-three percent said they

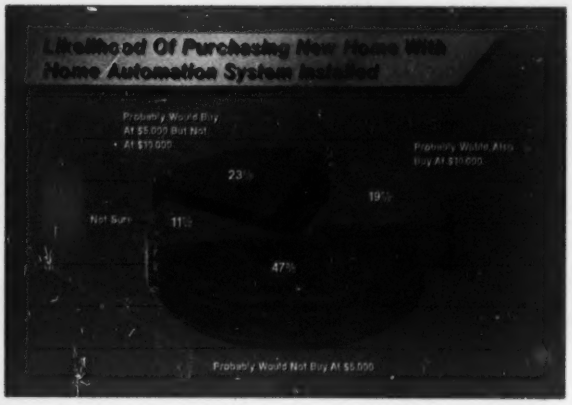
Continued on page 64



Left, consumers have to be convinced that technology is making their life easier.


Homeowner Attitudes Toward Technology – Con
Agree
Disagree
Not Sure
While it is true that technology has made products easier to use, if they break down, the repair and cost are not worth it.
It is becoming clear that the problems created by science and technology will eventually outweigh the benefits.

Above, consumers have to be convinced that the new products are reliable and won't break down.


Likelihood Of Purchasing New Home With Home Automation System Installed
Probably Would Buy At $5,000 But Not At $10,000
Probably Would Not Buy At $5,000
23%
19%
11%
47%

If the price is right—about $5000—homeowners would purchase a home automation system. Source: Yankelovich Clancy Shulman and Parks Associates.

Continued from page 60

would probably buy at $5000 but not at $10,000. And 19 percent said they probably would buy at $10,000 (pie chart).

Consumers who are most likely to buy a home automation system (costing at least $5000) have higher household incomes than most.

In other words, move-up households of the baby boom generation are the likely target market. But according to *Professional Builder*'s 1990 Consumer Survey, older homeowners (empty nesters and retirees) most like the safety and security features of an "intelligent house" automation system.

But for home automation to catch on, builders have to look beyond the demographic data and examine consumers' ideas about technological change. Technological breakthroughs in products bring a variety of homeowner attitudes toward technology.

Those surveyed by Yankelovich Clancy Shulman and Parks Associates say technology is the main hope for a "better life" and necessary to keep abreast of future change. But in practice, many people have found technological change to be a disappointment.

They say many new products are difficult to understand and expensive to service. Forty percent of those surveyed said they sometimes suffer from "featuritis"—having difficulty understanding and operating the large array of features available on new products.

Opinions on many aspects of home automation are not firmly held since the concept of home automation was new to many of those people interviewed, the study pointed out. "Rather, they are open to change—an opportunity for manufacturers to tailor the packaging of home automation systems to the unique needs of consumers today and to pave the way to greater receptivity in the future."

People in some areas of the country will be more receptive to home automation than people in other areas. Of the 250 metropolitan areas in the country, Parks Associates identified 56 that offer the optimal markets for home automation equipment (table).

On the following pages are details on some home automation systems installations. Even Buck Rogers might shake his head in awe at what is available in the '90s. □

Continued on page 70

Top Markets For Home Automation Controllers

1. Birmingham, AL	20. Chicago, IL	38. Las Vegas, NV
2. Phoenix, AZ	21. Indianapolis, IN	40. Columbus, OH
3. Sacramento, CA	22. Louisville, KY	41. Cleveland, OH
4. San Francisco, CA	23. New Orleans, LA	42. Cincinnati, OH
5. Oakland, CA	24. Boston, MA	43. Oklahoma City, OK
6. San Jose, CA	25. Baltimore, MD	44. Portland, OR
7. Los Angeles, CA	26. Detroit, MI	45. Philadelphia, PA
8. Anaheim, CA	27. Minneapolis, MN	46. Pittsburgh, PA
9. Riverside, CA	28. St. Louis, MO	47. Memphis, TN
10. San Diego, CA	29. Kansas City, MO	48. Nashville, TN
11. Denver, CO	30. Charlotte, NC	49. Dallas, TX
12. Hartford, CT	31. Bergen, NJ	50. Fort Worth, TX
13. Washington, DC	32. Newark, NJ	51. Houston, TX
14. Tampa, FL	33. Middlesex, NJ	52. San Antonio, TX
15. Orlando, FL	34. Monmouth, NJ	53. Salt Lake City, UT
16. W. Palm Beach, FL	35. New York City, NY	54. Norfolk, VA
17. Ft. Lauderdale, FL	36. Nassau-Suffolk, NY	55. Seattle, WA
18. Miami, FL	37. Rochester, NY	56. Milwaukee, WI
19. Atlanta, GA	38. Buffalo, NY	

© Parks Associates

Right, factors such as family incomes, crime rates and energy costs determine the top metropolitan areas for home automation. Source: Parks Associates.

Integration Of Controls Attractive

Homeowners Can Dial Many Wishes To Controller

Continued from page 64

Aladdin had a magic lamp in a fairy tale of long ago. Now Aladdin provides modern wonders with the integration of controls for lighting, air conditioning and heating, entertainment, security, pools and spas and lawn sprinklers.

Instead of rubbing a lamp to get a wish, a homeowner can dial her house from the car and tell Aladdin to have a bubbling whirlpool bath awaiting her at the end of a hectic day.

Builder Quorum Homes installed the Aladdin Home Automation System (by IntelliNet Corp. of Naples Fla.) in The New Southern Home, an idea house in Orlando, Fla., designed by The Evans Group.

IntelliNet sold 12 Aladdin systems in 1989, said Charles Kropke, vice president of marketing and sales. The most popular part of the Aladdin system is lighting control: 100 percent of the buyers take that feature.

Aladdin consists of a dedicated controller that connects to units located in each living area. Hundreds of combined sequences are available such as closing curtains, dimming lights and turning on soft music.

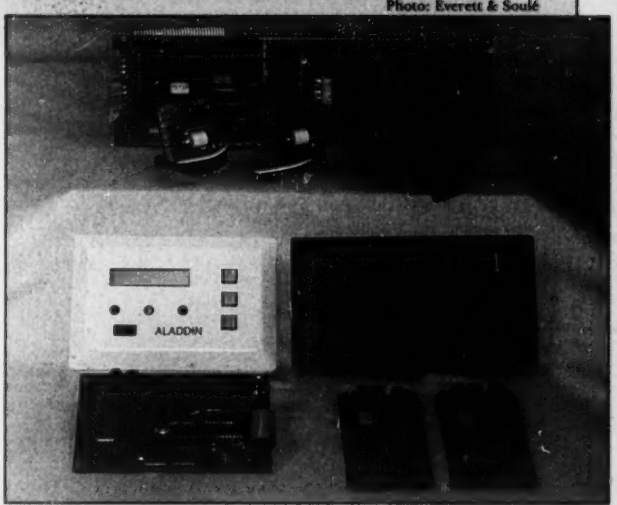
The highest-priced system cost $30,000 and the lowest $15,000. The majority of the systems sold for about $25,000, Kropke said.

A combination of younger professionals and older people bought the Aladdin for houses priced at $500,000 and above. Nine of the systems were installed in new houses and three in existing houses.

IntelliNet sold through dealers 50 percent of the time, and through builders 25 percent of the time. The rest of sales resulted from direct contact with customers. □

Continued on page 78

Photo: Everett & Soulé



Programmed System Can Help Forgetful Person

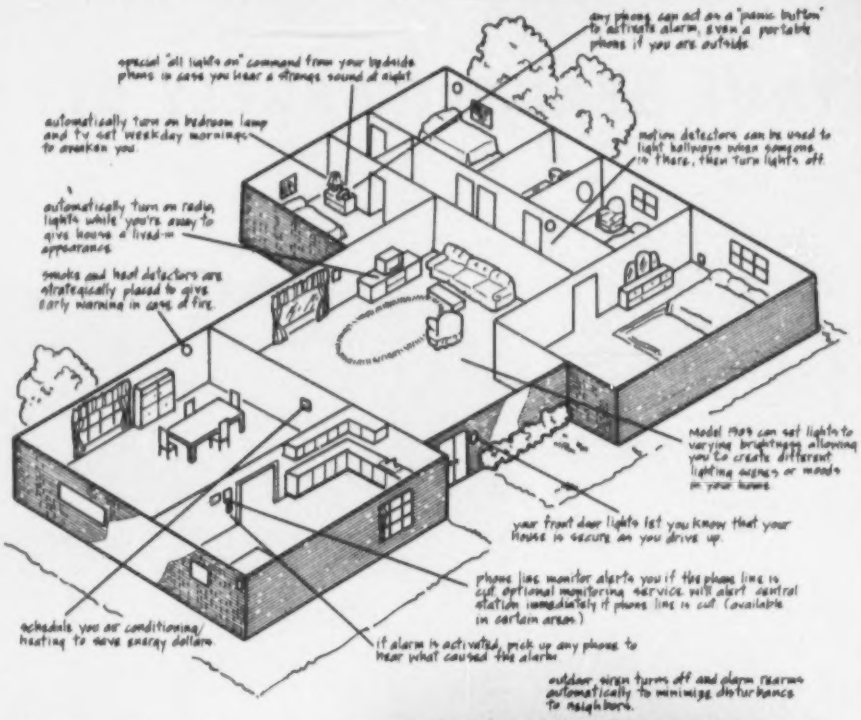
Continued from page 70

Homeowners sometimes forget to arm their security systems. But a product sold by a firm near New Orleans remembers to do that. The system can be programmed to turn itself on and off at designated times of the day or night.

With the lowest-priced model set at $2200, Home Automation Inc. of Metairie, La., has sold 75 units since January 1989 through dealers in the United States and Canada. More than 60 of the installations were in existing homes. The rest were in newly constructed dwellings.

Much of the control is done by X-10 modules that plug into existing house wiring, though some extra hard wiring is needed to connect pool pumps, sprinklers and air conditioners to a central controller. Event buttons can be set to perform a series of home automation activities by entering the event button from the system console or by a telephone call to the system controller.

The least expensive system, at $2200, includes one motion detector, four intrusion detectors at doors and windows for security. Some light control is also included. A system costing about $3400 includes coverage at all doors and windows, three motion detectors, controls for eight lights and air conditioner.


any phone can act as a "panic button" to activate alarm, even a portable phone if you are outside
special "all lights on" command from your bedside phone in case you hear a strange sound at night
automatically turn on bedroom lamp and tv set weekday mornings to awaken you
motion detectors can be used to light hallways when someone is there, then turn lights off
automatically turn on radio, lights while you're away to give house a lived-in appearance
smoke and heat detectors are strategically placed to give early warning in case of fire
model 1969 can set lights to varying brightness allowing you to create different lighting scenes or moods in your home
your front door lights let you know that your house is secure as you drive up
phone line monitor alerts you if the phone line is cut (optional monitoring service will alert central station immediately if phone line is cut (available in certain areas.)
schedule your air conditioning/heating to save energy dollars
if alarm is activated, pick up any phone to hear what caused the alarm
outdoor siren turns off and alarm rearms automatically to minimize disturbance to neighbors.

Home Automation systems have been priced as high as $5800. Most are sold in the $3000 range. Most are sold for houses priced in the $150,000 to $250,000 range, said Jay McLellan, president of Home Automation.

Whatever controls people choose, it is the integration of controls that they find interesting, he said. They can press buttons and have everything taken care of. □

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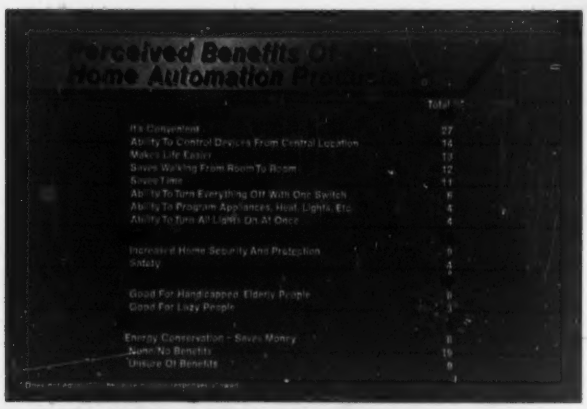

Perceived Benefits Of
Home Automation
Total
It's Convenient 27
Ability To Control Devices From Central Location 16
Makes Life Easier 13
Saves Walking From Room To Room 12
Saves Time 11
Ability To Turn Everything Off With One Switch 8
Ability To Program Appliances, Heat, Lights, Etc. 8
Ability To Turn All Lights On At Once 6
Increased Home Security And Protection 5
Safety 4
Good For Handicapped, Elderly People 3
Good For Lazy People 3
Energy Conservation - Saves Money 8
None/No Benefits 15
Unsure Of Benefits 8

Table top console controls home automation system, above. Drawing, left, shows security and convenience features throughout a house. Convenience tops list of perceived benefits for home automation in survey of homeowners. Source: Yankelovich, Clancy, Shulman and Parks Associates

Convenience Sells The Systems

Photo: GE Plastics

Command By Voice Turns On Specific Music

Continued from page 78

Imagine a person lying in bed who says "Tchaikovsky" and music starts playing. You may think this scenario is a fantasy. It's not. Such a chain of events is possible with a home automation system by Custom Command Systems of College Park, Md.

When the system's controller hears the person's voice, it turns on the compact disc player in the media room, selects the CD and channels the music to speakers in the bedroom.

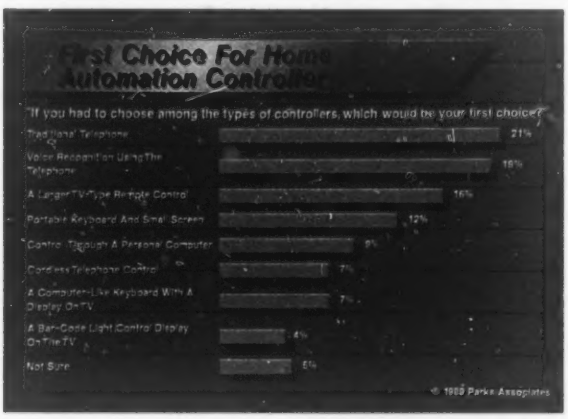
Prices start at $40,000 and have gone over $200,000, said Hank Levine of Custom Command Systems. Most of the sales have fallen in the $60,000 to $90,000 price range. The company offers three systems that control entertainment, automation and security features.

The voice recognition system that makes the selection of music possible is only one method of control that the company offers. Others include touch screens, hand-held remote controllers, touch switches and telephones.

In one installation, one control panel is used to operate the home's audio/video entertainment, security, lighting, heating and cooling and telephone/intercom subsystems. Typically, buyers are often in their 50s and many are founders of companies, Levine said.

Systems are installed in homes priced at about $1 million and containing as much as 10,000 square feet or more. The system also was installed in the Living Environments concept house built for GE Plastics of Pittsfield, Mass. The control panel is seen in the kitchen.

A total of 15 systems were sold in 1989. Another 15 systems were sold in the previous 1½ years. □



Many homeowners would like to control their system by telephone. Source: Yanelovich Clancy Shulman and Parks Associates.

Why Homeowners Select Automation Systems

Homeowners are looking for better ways to manage all the equipment in their houses. Unity Systems of Redwood City, Calif., provides a method to do that with its Home Manager system.

The reasons for selecting the Home Manager were:

1. Comfort/energy savings. The system allows room-by-room temperature control.
2. Security/safety. Homeowners can limit visitor access to certain areas of the house, and to certain times and days of the week.
3. Greater control/convenience. Homeowners can enjoy automatic scene-setting with preset dimming levels. Or they can change all the lights in a room to create a different mood with a single code at the keypad.

More and more,

Builder Sees System As A Traffic Builder

Builders can always use a pal. Builder Del Purscell of The Orleans Co. near Philadelphia has found a new PAL—a home automation system which he expects will lead to more customer traffic because of the public interest in home automation.

PAL, a trademark of the Square D Co., Palatine, Ill., stands for Personally Automated Lifestyles, a home automation system. Square D is developing the system along with Teletimer International Inc. of Boca Raton, Fla. and Bell Atlantic of Philadelphia.

One of the first installations for PAL will be in The Orleans Idea Home located in a shopping center.

The system, which will be installed in April, will control items from lights and appliances to the telephone and audio and video systems. In the morning the PAL system can activate the cooling or heating system, wake the homeowners, start the coffee and turn on the water heater for showers.

The system, which will be commercially available sometime in 1991, controls a wide variety of devices to provide improved home comfort, convenience, energy management and conservation, security and entertainment.

It is designed with a building block concept of control modules so homeowners will be able to select among them to customize a system.

A switch module controls up to eight lights or appliances wired to remote-controlled wall switches. The telephone control module provides an in-home network, including phone-to-phone intercom and the ability to handle up to four lines and eight extensions.

The modularity of the system is one thing that Purscell said excites him. Homeowners will be able to take as little or as much as they want. □

Wall-mounted unit is one method of control for the PAL home control system.

Unity's products are going into tract housing, rather than custom-built homes. Custom houses used to account for 80 percent of sales. That number is expected to be 45 percent this year.

The company sold 600 units in 1989 compared to 800 during the rest of the 1980s.

The percentage of systems put in new houses in 1989 remained in the 90 percent range. But the percentage put in tract houses has changed from 20 percent in the early 1980s to 45 percent in 1989 and an expected 55 percent this year.

The bulk of home buyers selecting the Home Manager are 40 to 55 years old. This age group is expected to drop to 65 percent from 70 percent this year. Sales to those under 40 years of age are increasing. Sales to home buyers age 55 years and older are to remain the same this year. □

Control panel on touch screen shows how maid can be allowed limited access to certain areas of a house.